



## *Trade and Agriculture* **What's at Stake for Kansas?**

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Kansas is an important producer of agricultural products and a major exporter. In 2000, the State's cash farm receipts totaled \$7.9 billion. Kansas ranked fifth among all 50 States in 2000 in the value of its agricultural exports, which reached an estimated \$3 billion. These exports help boost farm prices and income, while supporting about 42,900 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Kansas' agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 39 percent in 2000.

Kansas' top five agricultural exports in 2000 were:

- # live animals and red meats -- \$970 million
- # wheat and products -- \$722 million
- # feed grains and products -- \$528 million
- # hides and skins -- \$287 million
- # feeds and fodders -- \$213 million

World demand for these products is increasing, but so is competition among suppliers. If Kansas farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **Kansas Benefits From Trade Agreements**

Kansas is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Kansas include:

- # Kansas, the nation's largest wheat grower, benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000,

exports reached 66 million bushels valued at \$200 million.

- # Kansas benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at \$1.3 billion in 1994 to 368,000 tons worth \$1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at \$227 million in 1994 to 143,000 tons worth \$506 million in 2000.
  
- # Kansas benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.